# **RECEIVED**

JAN - 5 1993

OFFICE OF THE SECRETARY

# FEDERAL COMMUNICATIONS COMMISSION

ORIGINAL

(703) 455-3602 DIRECT

## HARDY & ELLISON, P.G.

CONSULTING ATTORNEYS

SUITE 100

9306 OLD KEENE MILL ROAD

BURKE, VIRGINIA 22015

(703) 455-3600

TELECOPIER (703) 455-3603

G. TODD HARDY (ADMITTED IN D.C. & VA.) (703) 455-3601 DIRECT

January 5, 1992

Office of the Secretary Federal Communications Commission Room 222 1919 M St. N.W. Washington, D.C. 20554

In Re: Implementation of the Cable Television Consumer Protection and Competition Act of 1992- Broadcast Signal Carriage Issues (MM Docket No.92-259)

Dear Ms. Searcy:

The Table of Contents and Summary were inadvertently omitted from the Comments timely filed by PrimeTime 24 yesterday in the above-mentioned proceeding. Eleven copies of that filing including the omitted sections are enclosed for the reference of the Commission and each Commissioner.

Thank you for your assistance.

Very truly yours,

G. Todd Hardy

# **RECEIVED**

JAN - 5 1993

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

### Before The

### **Federal Communications Commission**

Washington, D. C.

| In The Matter Of:                      | ) |                      |
|--|---|----------------------|
|  | ) |                      |
| Implementation of the Cable Television | ) |                      |
| Consumer Protection and Competition    | ) | MM Docket No. 92-259 |
| Act of 1992                            | ) |                      |
|  | ) |                      |
| Broadcast Signal Carriage Issues       | ) |                      |

## **COMMENTS OF PRIMETIME 24**

G. Todd Hardy, Esquire Hardy & Ellison, P. C. Attorneys for PrimeTime 24

9306 Old Keene Mill Road Suite 100 Burke, Virginia 22015 (703) 455-3600

January 4, 1993

# TABLE OF CONTENTS

|   | Page |
|---|------|
| Summary   | i    |
| I. Introduction   | 1    |
| II Applicability of Retransmission Consent Requirements to Satellite<br>Delivered Network Broadcast Television Signals                          | 3    |
| A. Retransmission Consent/Must Carry Balance Is Designed to<br>Promote Broadcast Television Carriage Not Reduce It                              | 3    |
| B. Conflict with Section 325 (b) (6)  | 4    |
| C. Retransmission Consent Rules for Distant Network Signals<br>Could Eliminate Access for Hundreds of Thousands of<br>Households                | 5    |
| D. Limit Retransmission Consent Rules to "Must Carry" Situations for Network Signals  | 6    |
| III. Implementation of Retransmission Consent Rules   | 7    |
| A. Retransmission Consent Only for "Must Carry" Network Signals   | 7    |
| B. Application of Retransmission Consent Rights to All Cable Systems  | 7    |
| <ol> <li>Period of Notice of an Election to Consent to the<br/>Retransmission of Network Broadcast Signals by<br/>Satellite Carriers</li> </ol> | 7    |
| 2. Standard for Refusal to Grant Consent  | 8    |
| 3. Carriage During the Pendency of Consent Requests   | 8    |
| 4. Definition of "Multichannel Video Programming Distributor"   | 9    |

# TABLE OF CONTENTS (Continued)

|  | Page |
|--|------|
| IV. Retransmission Consent Authority                 | 11   |
| A. Retransmission Consent is a "Non-Copyright Event" | 11   |
| B. Role of Copyright Owners                          | 12   |
| C. Role of the Networks                              | 13   |
| D. Dispute Resolution Procedures                     | 14   |
| V. Conclusion  | 16   |

#### SUMMARY

Primetime 24 is a joint venture partnership that operates a network broadcast retransmission service for the benefit of over 400,000 "unserved households" in the HSD marketplace and approximately 400,000 domestic cable homes served by operators located in areas that do not have acceptable over-the-air network broadcast service.

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") was passed to promote the availability of broadcast television signals through cable and other distribution media. Section 325 of the Communications Act of 1934, as amended by the 1992 Cable Act, is designed to further that purpose by requiring that originating stations make an election between mandatory carriage rights and contractual carriage entered into with the "retransmission consent" of that station. The 1992 Cable Act and Section 325 by their express terms do not modify the Cable Compulsory License.

In furtherance of the purpose of the 1992 Cable Act, the Commission should not allow any broadcast network affiliate to withhold its consent for the retransmission of its signal to cable operators that have no mandatory carriage obligations for any affiliate of the subject network, i.e. that have no other available source for network broadcast programming.

In the alternative, any rules that affect the granting or withholding of consent in the circumstances noted above should be limited to provide that: requests for consent must be acted upon on an accelerated schedule; consent cannot be "unreasonably withheld" and that carriage be allowed during the pendency of any request for consent. Those restrictions are necessary to ensure that retransmission consent rights are not utilized to reduce the carriage of network signals by cable, to the detriment of hundreds of thousands of subscribing households served by PrimeTime 24 in systems throughout the United States, including those on the entire island of Puerto Rico.

In all events, retransmission consent rights should be exercised only by "originating stations" as expressly provided for in the 1992 Cable Act, without the

intrusion of interests of any third parties. The exercise of that right is a "non-copyright event" that has no room for the direct or indirect involvement of any program suppliers, including most particularly the three networks. Any disputes between cable systems and originating stations concerning denial of service to operators that have no alternative source for network signals must be subject to Commission oversight and review prior to any resort to litigation.

JAN - 5 1993

#### Before The

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

#### Federal Communications Commission

Washington, D.C.

| In The Matter Of:                      | ) |                      |
|--|---|----------------------|
|  | ) |                      |
| Implementation of the Cable Television | ) |                      |
| Consumer Protection and Competition    | ) | MM Docket No. 92-259 |
| Act of 1992                            | ) |                      |
|  | ) |                      |
| Broadcast Signal Carriage Issues       | ) |                      |

#### **COMMENTS OF PRIMETIME 24**

### I. Introduction

PrimeTime 24 Joint Venture ("PrimeTime 24") is a partnership that is engaged principally in the retransmission of the broadcast television signals of WABC-TV (ABC, New York), WRAL-TV (CBS, Raleigh) and WXIA-TV (NBC, Atlanta) for the benefit of C-Band home satellite dish ("HSD") owners and cable systems located throughout the states, commonwealths, trusts, territories and possessions of the United States.

PrimeTime 24 operates as a "satellite carrier" under the Satellite Home Viewer Act of 1988 (the "SHVA") when it provides signals to HSD consumers. It compensates owners of copyrighted works contained in those HSD retransmissions in accordance with the terms of SHVA, whether those transmissions are authorized directly by PrimeTime 24 or by one of its distributors.

PrimeTime 24 also provides retransmission service to its cable operators located in the United States as a "passive carrier." Those domestic cable operators retransmit network programming contained in the PrimeTime 24-delivered signals under the terms of Section 111 of Title 17, United States Code (the "Cable Compulsory License").

Since its inception in 1986, PrimeTime 24 has been dedicated to the delivery of network programming to HSD households that were then, and are now, unserved by any other distribution technology. Currently, over 400,000 HSD households receive network programming from PrimeTime 24 in locations unserved by traditional distribution media commonly referred to as "white areas".<sup>2</sup>

Early in the development of PrimeTime 24, it became clear that some cable operators located throughout the United States were also in need of satellite delivered network programming due to the absence or inadequacies of the signals of local affiliates of ABC, CBS and NBC. Approximately 270,000 of those total domestic cable homes served by PrimeTime 24 are located in Puerto Rico where there are no full time broadcast television affiliates of any of the networks. Virtually every cable operator in Puerto Rico that receives PrimeTime 24 service contracts to carry all three of its signals of network affiliates.<sup>3</sup> Cable operators serving over 100,000 additional domestic cable homes contract with PrimeTime 24 to receive one or two signals of its network affiliates, as needed to supplement network reception otherwise available from "local" network affiliates<sup>4</sup>.

<sup>&</sup>lt;sup>1</sup>In addition, PrimeTime 24 provides retransmission service for cable operators located outside the United States to the extent those operators have entered into private arrangements with representatives of the owners of the copyrighted works contained in those retransmissions.

<sup>&</sup>lt;sup>2</sup>The SHVA authorizes "satellite carriers" such as PrimeTime 24 to sell subscriptions to network retransmission service to HSD owners residing in "unserved households", i.e. generally speaking, residences that do not receive the signal of a given network or networks from broadcast affiliates or cable operators.

<sup>&</sup>lt;sup>3</sup>Currently, PrimeTime 24 is the only carrier delivers network signals to cable systems in Puerto Rico; systems that range in size from hundreds of subscribers to over 100,000 subscribers.

<sup>&</sup>lt;sup>4</sup>Included within that lesser total of cable subscribers are a number of military bases located on United States territory.

II. Applicability of Retransmission Consent Requirements to Satellite Delivered Network Broadcast Television Signals

# A. Retransmission Consent/Must Carry Balance Is Designed to Promote Broadcast Television Carriage Not Reduce It

The Commission is correct in its decision to examine the introduction of mandatory carriage and retransmission consent rules together in this proceeding. The fact that these two cornerstones in the latest round of cable regulation are inextricably intertwined cannot be escaped.

If the subject sections of the 1992 Cable Act (the "Act") survive judicial scrutiny<sup>5</sup>, they provide the potential for negotiations involving the exchange of consideration for continued carriage of broadcast television programming in virtually every cable home in the country. If the Act is ultimately upheld in this regard, broadcast network affiliates and independent stations will be required by Section 325, as amended, to elect between demanding mandatory carriage and negotiating acceptable terms for voluntary carriage on cable systems. That revamped relationship between cable and broadcast is what Congress intended to introduce; one that fosters cable subscriber access to broadcast television programming while providing new protections and benefits to the free over-the-air television broadcasting industry.

The 1992 Cable Act neither proposes nor promotes a policy that would result in the reduction of access to broadcast television programming. In fact, the purpose of the Act is exactly the opposite. Section 2 (b) (1) makes it clear that it is the policy of Congress in this Act to:

"(1) promote the availability to the public of a diversity of views and information through cable television and other video distribution media:..."

<sup>&</sup>lt;sup>5</sup>PrimeTime 24 offers comments in this proceeding under the presumption that it must currently make that the subject sections of the Act will be upheld. PrimeTime 24 reserves all right to contest the enforceability of those sections of the Act in separate proceedings.

The entire premise of the required election by broadcasters between exercising consent rights or mandatory carriage rights is, in the end, that the broadcasters signal will be carried by cable operators one way or another. The context and terms under which that carriage comes about are merely functions of the relative needs and interests of the cable operator and the broadcaster in each television market.

Mandatory carriage requirements are included in the Act as a counterweight to retransmission consent rights and vice versa. If a broadcaster cannot command terms it desires for the contractual carriage of its signal, it may simply rely upon mandatory carriage obligations of the cable operator for carriage under different but favorable terms. Knowing that a broadcaster has mandatory carriage rights encourages cable operators to reach contractual agreements for carriage.

This perceived need for a new commercial balance in the marketplace between cable and broadcasters and the promotion of increased carriage of broadcast television programming by cable were the express reasons why the retransmission consent/must carry sections were included in the Act. Congress was concerned that cable industry use of the signals of broadcast stations without compensation enabled it to unfairly compete with those stations for advertising dollars. It did not believe that "....public policy supports a system under which broadcasters in effect subsidize the establishment of their chief competitors." (Senate Report at page 35) Congress was also extremely concerned that the free over-the-air broadcast system is in danger as a result of cable denials of broadcast carriage.<sup>6</sup> The retransmission consent provisions of Section 325 were updated by Congress in the 1992 Cable Act as a result, solely to increase distribution of broadcast television by cable while providing the means for compensation of broadcast stations for the use of their popular signals.

### B. Conflict With Section 325 (b) (6)

The Commission must also square any theoretical retransmission consent obligation for satellite carriers of network signals with new Section 325 (b) (6). That section clearly and unequivocally provides that the 1992 Cable Act does not in

<sup>&</sup>lt;sup>6</sup> Senate Report at pages 41-46.

any way modify the Cable Compulsory License. If the requirement for obtaining retransmission consent were to allow denial of the delivery by PrimeTime 24 of network signals to cable headends, that license will be modified in its application in direct contradiction to Section 325 (b) (6).

Any unchecked denial of consent to retransmit network signals to PrimeTime 24 cable customers will, in virtually every case, strip access of those operators to network programming contained in those signals. Our system of free over-the-air television would be "modified" if it were allowed to continue, but only in the thirty most populous states. In the same vien, the Cable Compulsory License system that has resulted in the effective delivery of network programming all over the country would be "modified" by any practical elimination of its availability for any group of cable operators. The Cable Compulsory License would not only be improperly "modified" in its application to those systems subject to any broadcaster denial, it would be effectively unavailable. That result would be contrary to the purpose of the Act generally and Section 325 (b) (6) particularly.

# C. Retransmission Consent Rules for Distant Network Signals Could Eliminate Access for Hundreds of Thousands of Households

If the retransmission consent rights of commercial television stations were to extend beyond the intended "must carry" balance in the case of distant delivery of network programming, broadcasters would have an opportunity to block access to programming by cable systems that have no local broadcaster available to them.

In virtually every case in which a network signal is delivered to cable operators via satellite, the counterbalance of mandatory carriage does not exist<sup>7</sup>. If retransmission consent is denied them, access to network news, sports and entertainment programming for hundreds of thousands of households will be eliminated for reasons that never have to be explained. That reduction in the distribution of broadcast television would violate the founding premise of the Act.

<sup>&</sup>lt;sup>7</sup>Cable operators do not purchase network service from PrimeTime 24 if local over-the-air broadcasts are available. That observation is more than confirmed by the very small numbers of operators that contract with PrimeTime 24 and the relatively small customer base they represent.

# D. <u>Limit Retransmission Consent Rules to "Must Carry" Situations for</u> Network Signals

Congress felt the need to intervene in the cable/broadcaster marketplace because of its concern with the ways in which cable was allowed to use signals of the most popular stations<sup>3</sup> without compensation in competition with the owners of those signals. Congress did not intend, under any circumstances, to deny access to that popular and essential programming by any cable operators or subscribers, particularly when the competitive cable/broadcaster marketplace it sought to revamp does not even exist.

Section 325, as amended by the 1992 Cable Act, must be interpreted in favor of continued access to network programming for all. As a result, the obligation to secure retransmission consent for distant delivery of network signals, the most important broadcast television communications, should be limited to instances in which cable/broadcast competition exists - where mandatory carriage obligations also attach. To extend the operation of retransmission consent rules to any other distribution by satellite carriers violates the fundamental purpose of the Act.

<sup>&</sup>lt;sup>8</sup>Senate report at pages 35 and 44.

### III. Implementation of Retransmission Consent Rules

## A. Retransmission Consent Only for "Must Carry" Network Signals

The Commission has the discretion to fashion retransmission consent rules that safeguard against any elimination of carriage of broadcast television signals. The Act does not require that Commission provide for an exercise of retransmission consent rights in all cases. In fact, as discussed above, Congress made it clear that access to broadcast programming is to be preserved. The Commission is respectfully requested to prescribe rules that make it clear that in any case in which the delivery of a network signal does not involve the corresponding rights of a broadcaster to mandatory carriage, consent cannot be withheld.

### B. Application of Retransmission Consent Rights to All Cable Systems

If the Commission ultimately feels compelled to prescribe permissive retransmission consent rules for the delivery of network signals to all cable headends, PrimeTime 24 offers the following suggestions for the creation of rules that would be necessary to equitably address the needs of cable operators and subscribers it serves in conformance with the purpose of the Act.

# 1. Period of Notice of an Election to Consent to the Retransmission of Network Broadcast Signals by Satellite Carriers

If PrimeTime 24 (or its cable customers) are to be required to secure the consent of broadcast affiliates retransmitted by PrimeTime 24 for the benefit of all cable operators it serves, the Commission should prescribe rules that require the granting or withholding of that consent within thirty (30) days after the receipt of a related request. Those rules should also provide that any failure to respond to such a request will be equated with the granting of the requested consent.

With regard to the delivery of distant (i.e., out-of-market) network signals to cable headends, no practical administrative or technical counterbalances for access to network programming are present. The cable operators involved need to know whether or not continued access to network programming will be afforded

them sooner rather than later. All 270,000 households on the island of Puerto Rico could conceivably lose one or more of the networks if such consent is either withheld or delayed. Thousands of additional cable households on military bases and the mainland could meet the same fate.

There is no corresponding need for the network affiliates involved to have more time to consider consent to current retransmissions. Service to the PrimeTime 24 universe of more than 400,000 domestic cable households has been known to affected affiliates for some time. Service to Puerto Rico and most of the current cadre of domestic cable customers of PrimeTime 24 has been delivered since 1987. Those affiliates need little additional time to consider whether or not to consent to such longstanding carriage. Early revelation of the need of resolution in this regard will be possible only with such a rule. Given that wholesale deletion of broadcast coverage is the alternative, PrimeTime 24 is confident that the Commission will agree that early treatment of this issue is in the public interest.

### 2. Standard for Refusal to Grant Consent

No network broadcaster should be allowed to "unreasonably withhold" its consent of the retransmission of its signal to a cable system that does not have any practically available alternative for the receipt of that programming. The only reason for such a denial that should be considered, in light of the purpose of the Act, are those that involve the planned over-the-air service of the cable system involved, by that station owner, within a period of six months or less after the date of the subject denial. That is, the station owner must be able to show through the extension of over-the-air delivery that the subject cable system will have local access to network programming in the near term. In addition, consent should be deemed to have been granted, during the period required by the refusing station to effect such coverage.

### 3. Carriage During the Pendency of Consent Requests

There are no restrictions in current copyright law on the delivery of network signals via satellite to cable operators located within the United States, to the extent copyright owners are compensated for the use of those signals under the terms of the Cable Compulsory License. Section 325 (b) (6) states that current copyright

law is not to be construed as being modified by the Act. In order to maintain a copyright status quo for all cable systems that wish to receive broadcast television signals of the affiliates of the networks in the future, a period of permitted carriage under future Commission rules in this area is needed to ensure adequate access to network programming by those systems. That period of permitted carriage should extend until either consent is granted or the dispute resolution procedures available to the system are exhausted.

### 4. Definition of "Multichannel Video Programming Distributor"

The Commission correctly suggests in the subject Notice that the term "multichannel video programming distributor" must be examined with regard to a number of sections of the 1992 Cable Act, including the provisions involving the creation of retransmission consent rules. PrimeTime 24 qualifies as a "multichannel distributor" under the terms of the Act, as do its cable operator customers referred to throughout these Comments. In the cable sale of network affiliate signals retransmitted by PrimeTime 24, the cable operator would be the party responsible for securing any required consent given its position as last in line in the chain ending with the ultimate consumer.9

PrimeTime 24 agrees with the suggestion for a "last in line" definition of "multichannel distributor" for each distribution chain involving more than one "multichannel distributor" with one caveat. To the degree that any other "multichannel distributor" in the consumer sales chain takes it upon itself to secure consent on behalf of and including its retailer customer, the obligation to secure retransmission consent should be deemed to have been met. Likewise, it should be recognized in the Commission rules that the station granting any required consent should be able to grant consent for the widest distribution it deems appropriate, i.e. for any chain or group of "multichannel distributors."

PrimeTime 24 also recommends that treatment of "multichannel distributors" will vary with each distribution chain examined under the various sections of the Act. That is, PrimeTime 24 may simply act as an agent for its cable

<sup>&</sup>lt;sup>9</sup>PrimeTime 24 sells its signals to HSD viewers through distributors other than cable operators that may also be considered to be "multichannel video programming distributors". None of those non-cable distributors sell PrimeTime 24 signals to cable operators.

operators to the degree the Commission institutes retransmission consent rules that affect them here and act directly as the "last in line" multichannel distributor under other sections of the Act with regard to different distribution chains ending with HSD consumers.

### IV. Retransmission Consent Authority

## A. Retransmission Consent is a "Non-Copyright Event"

Section 325, as amended by the 1992 Cable Act, is clear in its direction that the authority for retransmission consent rests solely with the "originating station" involved in the retransmission. That single and specific choice has several reasons, all of which are grounded in the concept that the granting of consent is meant by Congress to be separate from copyright licensing issues as a "non-copyright event".

In the exhaustive descriptions of the purpose of the 1992 Cable Act in its provisions and its legislative history, it is clear that Congress intended to provide compensation to broadcast stations for the use of their signals. <sup>10</sup> Congress felt that the free use of broadcast signals by cable in a competitive advertising environment was unfair to the owner of that signal. Retransmission consent rules were added by Congress solely to even the playing field between two local competitors for ad dollars. Owners of copyrighted works were not involved in the slightest in the local marketplace adjustments Congress sought to make. No reference was made to royalties paid to program owners, and no mention of "unfair use" of individual programming contained in the subject signals was ever noted.

Congress also made it clear that it was being careful to craft a retransmission consent provision in a manner which would minimize unnecessary disruption to broadcasters and cable operators. <sup>11</sup> In doing so, it did not wish to alter the copyright relationships and licensing of broadcast television programming in the current cable and broadcast distribution systems. <sup>12</sup> Again, the rights of program owners were expressly dealt out of the retransmission consent picture. Retransmission consent was clearly to be an event that did not affect copyright interests or licensing one way or the other.

<sup>&</sup>lt;sup>10</sup> Senate Report at page 35.

<sup>11</sup> Senate Report at page 36.

<sup>&</sup>lt;sup>12</sup>Scrutiny of the potential copyright implications of the Act were not addressed in any of the committees or subcommittees responsible for copyright matters in either the Senate or the House under the view that the copyright laws were not being amended by the Act.

Finally, it was well known to Congress that originating stations do not have copyright interests that would enable them to grant rights in copyrighted works beyond the limit of their own local over-the-air broadcast rights. As a copyright matter, originating stations would be powerless to grant consent if the slightest copyright ownership or license were a condition precedent. The only way the originating station, the "designated hitter" for consent purposes, could logically participate in the process were if consent were deemed to be the copyright neutral event that it is.

Since the granting of consent to the retransmission of its signal must, for all of the reasons mentioned above, be considered by definition to be a "non-copyright event", the originating station does not and cannot require the approval or additional consent of any other entity, including those discussed below.

### B. Role of the Copyright Owners

The Commission must give particular scrutiny to any intrusion of the myriad proprietary interests other than those of the originating station in the consent to retransmissions of satellite carriers. As noted above, it is possible that either voluntary or transactional withholding of required consent, could strip hundreds of thousands of cable households of their access to network programming.

If given the chance, program suppliers could, in the future, attempt to qualify or co-opt the right of an originating station to grant consent to the retransmission of its signal. PrimeTime 24 respectfully submits that Congress did not intend to pass legislation in this area, with express deference to the Cable Compulsory License, with the possibility that both could be circumvented in contracts between "originating stations" and parties with commercial interests adverse to the policy of compulsory licensing. For that very reason copyright owners were excluded from the consent process as discussed above.

Section 325 (b) (6) also proclaims that the Act does not affect copyright licensing, either in the private supply or the compulsory sale of programming. That Section should not be misread to create an opening for mischief for those who would do away with all compulsory licensing of their product. Rather, Section 325 (b) (6) should be read as a statutory direction that retransmission consent authority

is to be considered separately from any copyright licensing of the affected works, either by cable under the Cable Compulsory License or by program suppliers to the stations involved.

Section 325 (b) (6) underscores the intent of Congress to provide the originating stations involved, the owners of the signals in issue, with the independent right to participate in the expanded distribution of broadcast television and local marketplace adjustments brought about by the consent/must carry balance without changing the copyright landscape. The Cable Compulsory License remains in tact as a copyright mechanism needed to further promote broadcast distribution. Likewise, program supply contracts are unaffected by, and may not restrict, a non-copyright interest and right to consent to use of the signals of "originating stations."

In addition, the potential introduction of untold numbers of copyright owners that are involved in the programming contained in any broadcast day of any network affiliate presents a chaotic picture that Congress did not paint with its specific reference to the "originating station". Not only was Congress trying to provide for a transaction that was not copyright related, it knowingly was avoiding the impossible process of seeking consent from an unmanageable number of entities.

## C. Role of the Networks

The networks have even less of a claim to be involved in retransmission consent than do the copyright owners of broadcast programming referred to above. That is, the networks do not qualify as a program owner in their own right in any substantial degree. The amount of programming they separately create and control without the need to involve any other entity is a small minority of the programming they distribute through their affiliates. Where the networks have rights to distribute programming of others, those rights are limited to broadcast transmissions over-the-air. Their standing for potential involvement as a program supplier or "video programmer" is truly limited.

Had Congress intended to otherwise include the networks in the consent process, it would have been an easy thing to accomplish in the text of the Act. The

fact that it did not is with obvious reason. The originating station consent right is designed to be independent of network influences.<sup>13</sup>

Most importantly, any introduction of the networks in the retransmission consent process would allow the networks to scuttle the purpose of the Act; promotion of continued distribution of broadcast television programming. Any one who doubts that possibility needs only consider their performance in response to the distribution of network programming to unserved HSD households. <sup>14</sup> That track record of fighting to block extensions of program distribution to households in the "white areas" does not bode well for approval of retransmissions to unserved cable systems, even though the networks would appear to benefit from the increase in coverage it would represent. <sup>15</sup>

### D. Dispute Resolution Procedures

The Commission correctly points out that the Act is silent with respect to the resolution of disputes arising out of the request for any required retransmission consent. However, PrimeTime 24 respectfully suggests that the Commission must provide guidance and a forum for review of the consent process as it applies to satellite carrier distribution of broadcast signals.

<sup>&</sup>lt;sup>13</sup>One of the signals retransmitted by PrimeTime 24 is owned and operated by a network. PrimeTime 24 acknowledges that in that limited example, a network may grant consent under Section 325 in its role as the "originating station."

<sup>14</sup>Shortly after PrimeTime 24 instituted its service in the HSD marketplace, each of the networks filed suit against Satellite Broadcast Networks Inc. ("SBN"), a current joint venture partner in PrimeTime 24. Litigation brought by ABC and CBS was dismissed upon the passage of the SHVA. However, NBC continued its litigation against SBN even after the passage of the SHVA in an attempt to recover "damages" and substantial attorneys fees. NBC did not prevail, but not for lack of trying.

<sup>15</sup> Congress was also expressly interested in the continuous delivery of broadcast programming to the HSD marketplace. (See Senate Report page 37) If the networks were able to block distribution of PrimeTime 24 signals to its cable customers, not only would those consumers suffer, but the ability of PrimeTime 24 to continue to deliver network service to HSD households in the "white areas" would be significantly injured. At the very least, the loss of revenues associated with its ancillary delivery of its service to cable would result in a significant increase in pricing to the HSD consumer.

If rules that permit any denial of consent are implemented, an originating station may withhold its consent to the retransmission of network signals to a cable operator and subscribers that have no other source for network programming. In that event, there is no counterbalancing force that will result in a marketplace solution.

Because a reduction in service may follow any denial, no matter how restricted the right to withhold that consent is in the rules, the Commission must also provide for a period of complaint and review of that denial. A cable operator that has no other source of network programming cannot, in the public interest, be left to the vagaries and delays of litigation. In addition, carriage of the signals involved in the denial must be allowed to be continued until the Commission has had a chance to review the matter and determine whether or not the denial is in accordance with its rules.

### V. Conclusion

The 1992 Cable Act was passed to "promote the availability to the public of a diversity of views and information through cable television and other video distribution media."

Any Commission rules that allow a network affiliate broadcaster to grant or withhold consent - in areas in which cable operators have no alternative source for network programming - must be restricted, as suggested in these Comments. To do otherwise, or to allow any third party intrusion in the consent process, or to fail to provide adequate Commission resources and rules for review, could effectively do away with well-established public policy in favor of preserving access to broadcast television programming for all.

PrimeTime 24 respectfully requests that the Commission reaffirm existing access policy, as restated in the 1992 Cable Act, in any rules issued in this matter by providing in all events for continued delivery of network programming to all subscribers regardless of their location.

Respectfully submitted,
PrimeTime 24 Joint Venture

Rv

G. Todd Hardy, Esquire

Hardy & Ellison, P.C. 9306 Old Keene Mill Road Suite 100 Burke, Virginia 22015

Its Attorneys

January 4, 1993